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Absenteeism and Labour Turnover in Selected Ontario Industries
Absentéisme et roulement de la main-d'oeuvre dans certaines industries ontariennes

Gordon Robertson

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Résumé de l'article

Les employeurs considèrent l'absentéisme et le roulement de la main-d'oeuvre comme un des plus sérieux problèmes des relations du travail qui puissent affecter les entreprises en Ontario. C'est ce qu'indique une enquête récente du ministère du travail de cette province.

Bien qu'elles soient conscientes du caractère grave de ces problèmes, bien peu d'entreprises compilent actuellement des statistiques sur l'absentéisme et le roulement de la main-d' oeuvre. Moins de vingt-cinq pour cent d'entre ellesont cherché à en découvrir les causes profondes et moins de dix pour cent ont pris des mesures pour les circonscrire.

Le premier objectif de cette enquête était d'accumuler des données sur l'ampleur de l'absentéisme et du roulement de la main-d'oeuvre grâce auxquelles les entreprises pouvaient individuellement échanger leur expérience sur ces deux problèmes importants. L'étude fournit aussi des renseignements sur l'étendue, la nature et l'impact relatifs de ces « problèmes humains » dans l'industrie.

Se fondant sur les données recueillies, il est possible de dégager un certain nombre d'observations générales. En premier lieu, étant donné leur seule ampleur et la perception que les employeurs ont de leur gravité, il est évident que l'absentéisme et le roulement de la main-d'oeuvre sont des problèmes sérieux et passablement hors de contrôle pour une proportion significative des répondants.

En second lieu, parce que cette situation est courante dans toutes les régions et toutes les industries, la nature des problèmes diffère considérablement, en particulier d'une industrie à l'autre. Par exemple, une bonne part de l'activité économique reposant sur les industries primaires s'effectue dans des régions isolées et est sujette à des fluctuations saisonnières et cycliques considérables. Par contre, la plupart des industries de transformation et les services se trouvent dans les districts urbains et ils sont moins touchés par ces deux facteurs.

Finalement, tandis qu'il est évident que ces problèmes tendent à devenir de plus en plus marqués dans certaines régions de la province et dans certaines industries, le grand écart des taux d'absentéisme et de virement de la main-d'oeuvre parmi les établissements d'une région donnée ou d'un groupe d'industries semble indiquer qu'une bonne part des difficultés se posent aux établissements considérés individuellement.

Cette constatation présente un état d'inquiétude particulier lorsqu'on l'oppose à la perception qu'ont les employeurs des causes profondes et des solutions qu'ils proposent à l'absentéisme et au roulement de la main-d'oeuvre. Alors qu'un certain nombre d'entreprises se rendent compte que les conditions d'emploi, les taux de salaires, les types de direction etc. favorisent l'absentéisme et le roulement de la main-d'oeuvre, beaucoup d'autres considèrent qu'ils sont la résultante de facteurs qui leur échappent, y inclus un manque d'éthique professionnelle et les problèmes personnels de leurs employés. Cette attitude se traduit par le manque d'action concrète pour les circonscrire et les résoudre.

Même si les cadres de cette enquête ne vont pas jusqu'à démontrer jusqu'à quel point ce problème relatif aux ressources humaines peut être corrigé par les employeurs, la diminution des taux d'absentéisme et de roulement de la main-d'oeuvre obtenue par les entreprises qui ont pris des mesures pour améliorer les conditions de travail et le climat de l'établissement indiquent que beaucoup de progrès pourrait s'accomplir si les employeurs apportaient plus d'attention et plus de soin à l'administration des ressources humaines.

Absenteeism and Labour Turnover in Selected Ontario Industries

Gordon Robertson

The primary objective of this survey is therefore to collect enough data to in order that comparisons of absenteeism and labour turnover can be made within various regions and industries in Ontario. The study also provides general information on the extent, nature and relative importance of various human problems.

During the past few years the Ontario Ministry of Labour has received many requests for information on the magnitude of absenteeism and labour turnover in the Province of Ontario. The need for such information was considered to be particularly great because no comprehensive data on absenteeism and labour turnover were available at the national, provincial, or regional levels. In response to this need the Research Branch of the Ontario Ministry of Labour undertook a special survey of these problems in selected firms throughout the Province. This work was given additional impetus by the decision of the federal and provincial governments to carry out a joint study of Northwestern Ontario,[1] a region where labour turnover in particular was believed to contribute significantly to imbalances in the labour market.

Data on absenteeism and labour turnover can be of use at many levels. If it is agreed that organizational effectiveness, including productivity, is inversely related to the magnitude of absenteeism and turnover,[2] then such data may help individual establishments assess their own effectiveness by comparing their experiences with these two

* ROBERTSON, Gordon, Senior Economist, Research Branch, Ontario Ministry of Labour

[1] This article is based on a study carried out as a component of the Northwest Ontario Manpower Adustment Study entitled: *Labour Turnover and Absenteeism in Selected Industries: Northwest Ontario: and Ontario.*

[2] For an interesting view, see J. Price, « The Effect of Turnover on the Organization, » *Organization and Administrative Sciences* (Spring-Summer 1976): 61-68.

phenomena with those of other establishments. At the regional, provincial, and national levels these data can be useful as socio-economic indicators reflecting both the ability of the labour market to adjust to changing conditions and to a lesser extent the degree of satisfaction that workers find in their jobs.

The primary objective of this survey is therefore to collect enough data to in order that comparisons of absenteeism and labour turnover can be made within various regions and industries in Ontario. The study also provides general information on the extent, nature and relative importance of various human problems.[3]

DEFINITIONS

Although a voluminous literature has been written on absenteeism no definition of it has been generally accepted, probably because the definitions that have been formulated depend heavily on the method used to measure the phenomenon. When studying absenteeism it is usually of interest to look at the psychological and organizational implications of absences arising from different causes. It is desirable, for example, to be able to distinguish between voluntary absenteeism (i.e., absence for personal reasons) and involuntary absenteeism (e.g., long-term illness). Whereas the latter is a normal, acceptable behaviour, the former is often seen as a form of withdrawal.

Unfortunately, the methodology used in this study does not permit the distinction between voluntary and involuntary absenteeism, and the two must therefore be grouped together. For the purposes of this survey, then, an employee is considered to be absent if he or she fails to report for work when scheduled to do so. This definition excludes instances in which an employee fails to report for work as a result of lost-time work injuries, pregnancy leave, or industrial disputes (strikes or lockouts).

The definition that is adopted for labour turnover depends to a large extent on the perspective from which it is viewed. In general, labour economists view turnover as a «flow» between «stock» — between employment and employment, between employment an unemployment, between the labour force and the non-labour force, and so on. A certain amount of turnover is considered desirable since the

[3] The term «personnel» and «human resources» will be used interchangeable throughout this report. The problems described under these headings may also be thought of as «people problems» in industry.

efficient allocation of resources requires a degree of mobility; the ability to adjust, particularly in the short run, is an important factor both in the efficiency of industry and in the level and structure of unemployment. Labour economists are therefore generally interested in gross measures of additions and separations.

Most organizational scientists, on the other hand, are interested in voluntary separations. They are concerned about withdrawal, of which absenteeism in another form, because it results in high replacement costs and lost production, and because it may indicate an unhealthy work environment and employee dissatisfaction. They usually consider turnover to be an undesirable behaviour that should be controlled as much as possible.

For the purposes of this survey, labour turnover is defined as the number of persons who entered and left the regular full — or part-time employment of an establishment during a specified period for any reason. The method used to collect data for this survey is designed to distinguish between voluntary turnover (quits) and involuntary turnover (discharges and layoffs).

METHODOLOGY

The survey is based on a stratified random sample of establishments[5] selected from Statistics Canada's ES-1 list. The criteria used to stratify the sample were the region in which the establishment was located, the industry group to which it belonged, and the number of persons it employed. The establishments were divided into two groups according to size: those having between 20 and 199 employees,[6] and those having 200 or more employees. The five regions recognized in

[4] A more detailed description of the methodology used in this study may be obtained from the Research Branch, Ontario Ministry of Labour.

[5] The reporting unit is usually the «establishment.» An establishment is defined as the smallest operating unit capable of reporting data on all the elements of basic industrial statistics, such as inputs and outputs, that are needed to calculate «value added,» «gross mark-up,» or 'gross profit.» For the purpose of obtaining detailed geographical statistics, however, the reporting unit is often a sub-establishment unit which, although it cannot report all basic statistics, can report employment and payroll data for a particular location.

[6] The survey generally covers companies having 20 or more employees in any month of the year. However, the smaller establishments of a multi-establishment company are included in the ES-1 list if the company had a total of 20 or more employees. Several of these smaller establishments, or reporting units, are included in the sample.

the study were those defined by the Ministry of Treasury, Economics and Intergovernmental Affairs as Planning Regions for Ontario: Central Ontario, Southeastern Ontario, Northeastern Ontario. Southwestern Ontario, and Northwestern Ontario. The industry groups recognized in the study were those defined in the Statistics Canada *Standard Industrial Classification Manual* (1960). Since the original study was concerned with Northwestern Ontario emphasis was given to resource-based, related manufacturing and selected transportation industries. Not only are these seen as being critical to the economic development of the region and Ontario, they are also recognized as being vital to the national economy. The nine industry groups selected for the study are:

Forestry: (1) Logging (031); Mining: (2) Metal Mines (051-059); Manufacturing: (3) Wood Industries (251-259) (4) Paper and Allied Industries (271-274) (5) Primary Metal Industries (291-298); Transportation and Communications: (6) Selected Transportation: Rail, Truck, and Pipeline (504, 506, 507, 515, 527); Trade: (7) Retail Trade (631-699); Finance: (8) Banks (702)[7]; Services: (9) Accomodation and Food Services (875, 876)

The actual sample was derived by randomly selecting the greater of the percent or 35 establishments from each cell (i.e., from each region, industry group, and employment size group). The sample thus obtained numbered 1,600 establishments, 24 percent of the total population of 6,634 firms in the nine selected industries in Ontario.

The information summarised in this report was provided directly by employers or their representatives in response to a mail survey carried out between October and December 1976. The questionnaire itself has two parts. Part A was designed to obtain «subjective» information about the extent, nature, and relative importance of various personnel problems. Part B was designed to obtain more «objective» data on employment trends for different labour groups and on the magnitude of absenteeism, labour turnover, and strikes.[8]

Questionnaires were returned by 1,116, or 70 percent, of the 1,600 establishments canvassed. This total includes 158 unusable questionnaires as well as a large number that did not include data

[7] For convenience, Saving and Credit Institutions will be called Banks throughout this report.

[8] Data on strikes and employment trends are not presented in this report. Because of insufficient response, data for labour groups are also not presented.

on the magnitude of absenteeism or labour turnover (Part B). The rate of response in Part A was 59.8 percent Table 1. The rates of response in Part B were 11 percent for data on absenteeism and 15 percent for data on labour turnover. As a result of these low rates of response, caution must be observed when interpreting the absence and turnover rates later in this Report.

TABLE 1

Percentages by Region and Industry of Usable Responses to Parts A and B of the Questionnaire (Ontario, December 1976)

Region/Industry	*Number of Firms Canvassed*	*Part A (%)*	*Part B (1975)* *Absenteeism (%)*	*Turnover (%)*
Region				
Central Ontario	618	59.4	7.9	15.1
Southeastern Ontario	272	59.6	12.5	14.0
Northeastern Ontario	273	58.2	16.8	18.0
Southwestern Ontario	265	62.3	11.7	14.0
Northwestern Ontario	172	57.6	9.3	15.1
Industry				
Logging	68	52.9	10.3	14.7
Metal Mines	41	68.3	22.0	39.0
Wood Industries	166	59.0	4.8	13.3
Paper and Allied	135	74.1	13.3	27.4
Primary Metal	107	69.2	11.2	26.2
Selected Transportation	188	59.0	9.0	10.1
Retail Trade	429	58.7	8.6	14.0
Banks	196	57.1	32.7	13.8
Accomodation and Food Services	270	54.4	2.6	8.5
All Ontario	1,600	59.8	11.0	15.1

A telephone follow-up of those who did not respond to the survey indicated that they were similar to those who did respond with respect to the characteristics thought relevant to this study.[9] Moreover, firms that were unable to provide data on absenteeism and labour turnover

[9] Nonrespondents were asked to name their industries, the sizes of their establishments, and the regions in which their firms were located, and to indicate whether absenteeism or turnover was or had been a problem, whether they compiled statistics on them for management review, and how serious the various human resource problems were in their establishments.

manifested essentially the same characteristics as those that were able to do so. It is therefore thought that the information obtained is representative of the population from which the sample was drawn.

The reader should bear in mind, however, that the responses to survey express the viewpoint of employers and not that of employees or their representatives. This is particularly important when considering information in which the employer has been required to interpret the attitudes and behaviour of his employees.

HUMAN RESOURCES PROBLEMS IN ONTARIO

Compilation of Statistics for Management Review.

Respondents were asked whether or not they compiled statistics for management review on various human resource areas. It was felt that this information would be the best single indicator of the importance management places on human resources, and of the extent to which organizations utilize «objective» information in the diagnosis of problems. The data are summarized in Table 2. Only 17 per cent of organizations surveyed reported they compile statistics for management review on absenteeism, and only 13 percent reported they did do so for labour turnover. It is particularly interesting to note that only 5 percent of Ontario establishments in the industries surveyed compile statistics on their productivity.

The general pattern for the compilation of statistics described in Table 2 below holds for all regions. Notable however, is the fact that statistics are compiled more frequently on almost every problem area by firms in Northwestern Ontario.

Previous Experience With Human Resource Problems

Respondents were asked whether they are now experiencing or have over the past three years experienced any human resource problems. Table 3 shows the establishments that have experienced various problems as a percentage of total respondents.

Absenteeism and labour turnover were each identified by more than one-third of the establishments canvassed. This is particularly interesting since less than one-half of those reporting a problem could actually be compiling statistics on it (see Table 2). Especially notable given the recent interest in these two areas, is the comparatively small percentage of establishments reporting problems with either productivity or labour-management relations.

TABLE 2

Percentage of Total Respondents in Ontario Who Compile Statistics for Management Review on Various Human Resource Areas by Industry Ontario, December, 1976

Human Resource Areas	*All Industries (Total) (%)*	*Logging (%)*	*Metal Mines (%)*	*Woods (%)*	*Paper & Allied (%)*	*Primary Metal (%)*	*Selected Transportation (%)*	*Retail Trade (%)*	*Banks (%)*	*Accomodation & Food Services (%)*
Absenteeism	17	14	50	11	26	31	18	17	9	7
Alcoholism	3	..	4	1	5	7	2	5	..	1
Employee Performance	9	8	14	6	9	8	9	11	4	8
Turnover	13	14	43	9	16	15	7	12	13	14
Labour Shortages	3	11	21	2	2	4	3	..	2	5
Labour-Management Relations	3	3	11	2	3	1	4	4	3	1
Lost-Time Work Injuries	11	17	29	8	20	19	9	11	2	4
Productivity	5	8	14	4	4	8	3	4	3	5
Theft/Sabotage	3	3	..	..	..	1	3	6	1	2
Total Number of Responses	958	36	28	98	100	74	111	252	112	147

« .. indicates less than 1.0% of establishments.

TABLE 3

Percentage of Total Respondents That Have Experienced Various Human Resource Problems by Industry

Ontario, December 1976

Human Resource Areas	*All Ontario (Total) (%)*	*Logging (%)*	*Metal Mines (%)*	*Woods (%)*	*Paper & Allied (%)*	*Primary Metal (%)*	*Selected Transportation (%)*	*Retail Trade (%)*	*Banks (%)*	*Accomodation & Food Services (%)*
Turnover	37	36	64	39	37	46	20	29	55	41
Absenteeism	36	33	61	48	51	61	27	24	46	20
Labour Shortages	24	33	50	32	23	32	12	10	46	22
Employee Performance	20	8	25	28	25	35	19	15	8	22
Lost-time Work Injuries	19	33	46	23	32	45	22	13	..	7
Alcoholism	17	31	39	21	23	27	17	13	2	16
Theft/Sabotage	13	14	..	12	18	12	12	12	..	16
Productivity	11	14	14	7	11	15	7	11	4	7
Labour Management Relations	9	17	18	5	22	12	6	9	1	4
Total Number of Respondents	958	36	28	98	100	74	111	252	112	147

« . . » indicates less than 1.0% of establishments

Table 2 also shows the percentage of respondents who compile statistics by industry. Banks, and accommodation and food service establishments monitor turnover more frequently than absenteeism. In logging, statistics are compiled most frequently on lost time work injuries. As might be expected because of the nature of the business, statistics on theft/sabotage are compiled most frequently in retail trade.

Inter-industry comparisons show that overall, metal mines compile statistics for management review most frequently while banks, establishments in the woods industry and accomodation and food services do so least often. This may be at least in part a result of concern over getting and holding manpower in the mining industry during 1974 and 1975.

In all regions absenteeism and labour turnover are the two most common problems. With some exceptions in northwestern Ontario, experience with the other personnel problems appears similar across regions. Not only are human resource problems experienced more frequently in northwestern Ontario, labour shortages and alcoholism appear to be more significant problems there than in other regions.

Although absenteeism and labour turnover are the most frequently experienced problems, there is considerable variation among industries. Table 3 shows that absenteeism is experienced more frequently than turnover in resource-based, (except logging and metal mines) related manufacturing and selected transportation industries, whereas turnover is experienced more frequently among service-type industries.

Survey results show that there is considerable intra-industry variation in experience with human resource problems among regions. This is particularly true in northwestern Ontario. For example, alcoholism is a more common problem for metal mines and paper and allied industries in northwestern Ontario than for the same industries in other regions. The problem of labour shortages is even greater than employee performance in metal mines, woods industries, paper and allied industries and transportation industries in northwestern Ontario.

Seriousness of Various Human Resources Problems.

If establishments were unable to provide information on the magnitude of their human resource problems, it was felt that some indication of the perceived seriousness of problems experienced would be useful. Respondents were asked to rank the problems they had experienced or were now experiencing in order of their seriousness. Since only establishments which experienced problems were required to rank them, response rates are relatively low.

The most striking observation from Table 4 is the extent to which the degree of seriousness attributed to the various problems parallels the extent to which the problems have been experienced (see Table 3). Absenteeism and labour turnover are reported as being the most serious problems, while alcoholism, theft/sabotage, and labour-management relations are reported as being the least serious problems.

With the exception of southeastern and northwestern Ontario the general pattern outlined above holds. In both southeastern and northwestern Ontario, turnover is seen as being a more serious problem than absenteeism, and labour shortages are a more serious problem in northwestern Ontario than in the rest of the province. In southeastern Ontario theft/sabotage is considerably more serious than in the rest of Ontario.

Table 4 also shows the seriousness of the various human resource problems by industry.With the exception of metal mines, absenteeism is perceived to be the most serious problems for resource-based and related manufacturing industries and transportation, whereas turnover is seen as the most serious problem for service-type industries. In metal mines labour shortages is seen to be the most serious problem. Logging and accommodation and food services also rank labour shortages higher than other industries. Lost-time work injuries is reported as being a more serious problem in transportation than in other industries. Poor labour-management relations is seen as a more serious problem for logging and banks than for other industries.

ABSENTEEISM IN ONTARIO

Absence Rates

In order to provide «bench mark» rates of absenteeism respondents were asked to provide information on employment, the number of incidents of absenteeism, the number of man-days lost due to absenteeism and the number of man-days scheduled so that an average Absence Frequency Ratio and an average Absence Severity Rate could be generated.

The Absence Frequency Ratio (AFR) is useful in that it provides an indication of the disruptive effect of absenteeism. It is a measure of the number of absences per person (per period) regardless of length of the absences.

$$\text{AFR} = \frac{\text{Total number of incidents of absenteeism}}{\text{Average employment}}$$

TABLE 4

Human Resource Problems Ranked According to Perceived Seriousness by Industry

Ontario, December 1976

Human Resource Problems	*All Industries (Total)*	*logging*	*Metal Mines*	*Woods*	*Paper & Allied*	*Primary Metal*	*Selected Transpor- :ation*	*Retail Trade*	*Banks*	*Accommo- dation & Food Services*
Absenteeism	1	1	2	1	1	1	1	2	3	4
Turnover	2	3	3	2	2	2	4	1	1	1
Employee Performance	3	7	5	3	5	4	3	4	2	3
Lost-time Injuries	4	4	4	4	3	3	2	3	8	7
Labour Shortages	5	2	1	5	4	5	5	7	5	2
Productivity	6	6	8	8	8	6	6	6	4	9
Alcoholism	7	8	5	6	6	8	7	8	7	5
Theft/Sabotage	8	9	9	9	9	9	9	5	8	6
Labour Management Relations	9	5	7	7	7	7	8	9	6	8

The Absence Severity Rate (ASR) is useful since it provides a measure of the time lost (per period) due to absenteeism regardless of the number of absences.

$$ASR = \frac{\text{Total man-days lost due to absenteeism}}{\text{Total man-days scheduled}} \times 100$$

The average Absence Frequency Ratio for all respondents is 2.6 (see Table 5). This means that on the average each employee had 2.6 absences from work during 1975. The average Absence Severity Rate is 3.2 percent, which means that on the average each employee was absent from work for just less than 8 days. Although these rates give some indication about the extent of absenteeism, they do hide large differences that occurred among different firms as well as in different occupational groups and in the absence behaviour of individual.

Regional, Industry and Establishment Differences.

Table 5 also shows considerable regional variation for both the severity and frequency rates for 1975. The absence frequency ratio varied from a low of 1.6 in northeastern Ontario to a high of 3.5 in southeastern Ontario, while the severity rate ranged from 1.7 per cent in southwestern Ontario to 5.3 per cent in central Ontario.

TABLE 5

Average Absence Rates in Ontario by Region for 1975

Region	*Average Absence Rates — 1975*	
	Absence Frequency Ratio	*Absence Severity Rate (%)*
Central Ontario	2.8	5.3
Southeastern Ontario	3.5	2.3
Northeastern Ontario	1.6	2.9
Southwestern Ontario	2.7	1.7
Northwestern Ontario	3.0	2.8
ALL ONTARIO	2.6	3.2
Median	1.4	1.4
Standard Deviation	3.7	7.5

While northeastern Ontario has the lowest frequency ratio, it has a relatively high severity rate. In comparison southeastern Ontario has the highest frequency ratio but a relatively low severity rate.

Table 6 shows considerable variation among industries for both average severity and frequency rates in 1975. Looking at both rates, logging and selected transportation industries appear to have the best absence record, while paper and allied industries and metal mines appear to have the worst record. In comparison, woods industries and banks have relatively low average severity rates but high average frequency ratios, whereas accommodation and food service establishments have a high average severity rate and a low average frequency ratio.

In addition to the considerable regional and industry variation with absence rate, there was also considerable variation among companies within each region and industry. For example, in paper and allied industries the absence severity rate for individual establishments ranged from 0.5 per cent to 60.0 per cent while the absence fequency ratio ranged from 0.2 to 13.5.

TABLE 6

Average Absence Rates in Ontario by Industry for 1975

Industry	*Average Absence Rates — 1975*	
	Absence Frequency Ratio	*Absence Severity Rate (%)*
Logging	0.9	1.7
Metal Mines	3.0	8.6
Woods Ind.	7.7	3.1
Paper and Allied	4.2	9.4
Primary Metal	2.6	4.3
Selected Transportation	1.3	1.3
Retail Trade	1.3	3.2
Banks	2.8	1.2
Accommodation and Food Services	1.7	4.3
ALL ESTABLISHMENTS	2.6	3.2
Median	1.4	1.4
Standard Deviation	3.7	7.5

Over all the establishments providing data, the absence severity rate ranged from 0.1 per cent to 60.0 per cent and the absence frequency ratio ranged from 0.1 to 22.0. As well, the distribution of responses was such that the majority of firms have rates lower than the averages presented here.

Absenteeism by Sex

It has generally been found that women have higher rates of absenteeism than men[10]. The unpublished results of this study confirm this finding for most industries and regions. As Table 8 shows, however, average rates of absence severity in those establishments that reported absenteeism by sex are higher for men than for women. This result may be due in part to the very small percentage of female working in resource-based and related manufacturing industries.

Unfortunately the data collected do not enable us to explain the differences in absence rates between men and women. However, possible explanations for higher female rates would include the additional family responsibilities normally assumed by females and the fact that more women work in low paying, boring, dead-end jobs than men.[11]

LABOUR TURNOVER IN ONTARIO

Turnover Rates

Respondents were asked to provide information on employment, total separations, quits, discharges, lay-offs, other separations and total additions so that an average Separation Rate and average Hiring Rate could be computed.

The Separation Rate (SR) is a measure of the employees leaving the work force (per period) for any reason.

$$SR = \frac{\text{Total separations}}{\text{Average employment}} \times 10$$

[10] « U.K. Department of Employment, Absenteeism, Manpower Paper », no. 4, London, 1971; BEHREND, H., « Voluntary Absence form Work » in *International Labour Review*, Feb. 1959, pp. 109-140.

[11] For general support of this view see: CHADWICK — Jones, J., et. al., « Absence From Work: Its Meaning Measurement and Control » in *International Review of Applied* Psychology, vol. 22, no. 2, 1973, pp. 137-153; ISAMBERT-JANATU, V., « Absenteeism among Women Workers In Industry » in *International Labour Review*, March 1962, pp. 248-261.

Different rates can be computed for different types of separations. For example, the Quit Rate (QR) is a measure of the employees voluntarily leaving the work force (per period).[12]

$$QR = \frac{\text{Total quits}}{\text{Average employment}} \times 100$$

The Hiring Rate is a measure of the new additions to the work force (per period, including additions for replacement and expansion).

$$HR = \frac{\text{Total new additions}}{\text{Average employment}} \times 100$$

The Labour Turnover Rate, which is defined as the lower of the Hiring and Separation Rates, is generally thought of as the most accurate measure of labour turnover, since it partially controls for changes in employment.

TABLE 7

Average Absence Rates in Ontario by Sex for 1975[a]

Sex	*Average Absence Rates — 1975*	
	Absence Frequency Ratio	*Absence Severity Rate (%)*
Male	2.2	4.0
Female	3.0	3.1

a) Rates are not comparable to those provided for all employees since not all establishments reported information by sex.

The Average Hiring Rate of all the respondents is 57.0 per cent, the average Separation Rate is 60.2 per cent and the average Quit Rate is 30.2 per cent (see Table 8). This means that in 1975 Ontario establishments lost 60.2 percent of their total work force — one half as a result of quits or voluntary separations — and replaced only 57.0 per cent of their total work force. These figure suggest that at least for 1975 there was a reduction in total employment for the industries surveyed. As with the absence rates, these figures hide considerable variation among different companies as well as different occupational groups.

[12] GUADET, F., *Labour Turnover: Calculation and Cost*, A.M.A. Research Study Np. 39, A.M.A. Inc., New York, 1960.

TABLE 8

Average Turnover Rates in Ontario by Region for 1975

Region	*Average Turnover Rates — 1975*			
	Labour Turnover Rate a) (%)	*Hiring Rate* (%)	*Separation Rate* (%)	*Quit Rate* (%)
Central Ontario	61.7	61.7	62.6	33.9
Southeastern Ontario	45.7	49.0	45.7	20.6
Northeastern Ontario	47.3	47.3	52.4	25.7
Southwestern Ontario	42.3	42.3	44.0	26.7
Northwestern Ontario	89.9	89.9	110.2	45.6
ALL ONTARIO	57.0	57.0	60.2	30.2

a) The Labour Turnover Rate is defined as the lesser of the Hiring and the Separation Rates.

Regional, Industry and Establishment Differences

Table 8 shows considerable regional variation for the various average turnover rates. Looking at both hiring and separation rates, it is evident that southwestern Ontario has the lowest turnover rates, and northwestern Ontario has the highest rates. Also of interest is the fact that the average separation rate exceeds the average hiring rate in all about southeastern Ontario.

Table 9 shows considerable variation among industries for the various average turnover rates in 1975. Logging, accommodation and food service establishments and woods industries have the highest average turnover rates, whereas selected transportation, banks and retail trade have the lowest average turnover rates.

Also of interest is the wide variation among industries in the proportion of total separations made up by quits. For example, in woods industries, metal mines, banks and retail trade, quits make up more than two-thirds of all separations, whereas in paper and allied industries, quits make up one-third of all separations, and in logging they make up only one-quarter of all separations. Layoffs in logging and related manufacturing industries during the survey period may account for part of this discrepancy.

There was also considerable variation in average turnover rates among establishments in the same region and the same industry. For example, in paper and allied industries the average quit rate for indivi-

TABLE 9

Average Turnover Rates in Ontario by Industry for 1975

Industry	*Average Turnover Rates — 1975*			
	Labour Turnover Rate [a] *(%)*	*Hiring Rate (%)*	*Separation Rate (%)*	*Quit Rate (%)*
Logging	153.2	153.2	225.4	58.9
Metal Mines	49.7	51.7	49.7	35.0
Woods Ind.	77.1	87.1	77.1	57.3
Paper and Allied	44.5	44.5	46.4	16.6
Primary Metal	44.0	44.0	52.4	22.9
Selected Transportation	34.2	37.9	34.2	18.8
Retail Trade	38.6	38.6	38.9	25.8
Banks	36.5	36.5	38.7	27.1
Accommodation and Food Services	113.1	113.7	113.1	56.3
ALL ESTABLISHMENTS	57.0	57.0	60.2	30.2

a) The Labour Turnover Rate is defined as the lesser of the Hiring and the Separation Rates.

duals establishments varied from 0.1 per cent to 140 per cent. Over all the establishments providing data, quit rates ranged from 0.1 per cent to 150 per cent, and the separation rate ranged from 0.1 per cent to well over 200.6 per cent. As well, the distribution of individual company responses was such that most firms have turnover rates lower that the averages presented here.

Turnover Rates By Sex

Table 10 shows average turnover rates in Ontario by sex for 1975. Females have higher average turnover rates than males; however, survey results show that in some regions and industries males have higher rates than females. While the data collected do not provide any explanation for these differences a generally lower attachment to the labour force among females may be one partial explanation for higher turnover rates among females.

THE MANAGEMENT OF ABSENTEEISM AND LABOUR TURNOVER

Inspite of the fact that more than one-third of respondents have experienced problems with absenteeism and labour turnover, only a

TABLE 10

Average Turnover Rates [a] in Ontario by Sex for 1975

Sex	*Average Turnover Rates — 1975*		
	Hiring Rate (%)	*Separation Rate (%)*	*Quit Rate (%)*
Male	49.9	55.0	24.1
Female	60.7	59.1	30.8

a) Rates are not comparable to those presented for all employees since not all establishments reported information by sex.

very small percentage have done anything about it. For example, less than 20 per cent of the respondents compile statistics for management review on these two problems. Only about 25 per cent have ever attempted to identify their underlying causes. Less than 10 per cent have ever made any special effort to control or solve these problems, and only 11 per cent have ever tried to put a dollar cost on their absenteeism and only 5 per cent have ever tried to put a dollar cost on their labour turnover.

Causes for both absenteeism and labour turnover most frequently cited by management include a poor work ethic, personal problems and dissatisfaction with working conditions (see Table 11) Selective recruitment[13], discipline and employee counselling were reported to be most common methods of controlling absenteeism, while selective recruit-

[13] The demographic characteristics of absence and turnover prone employees can be identified through the analysis of personnel records and the use of reporting systems. The criteria used to select workers can then be adjusted to ensure that workers having such characteristics are not hired. It was found through interviews, for example, that it is common for companies not to hire young, well-educated persons, women with family responsibilities, and young single males, because these groups are thought to be absence or turnover prone.

Although this strategy has met with some success, it has at least two serious drawbacks. First, many of the demographic variables used in such analyses, such as age, sex, and marital status, are covered under the Ontario Human Rights Code; it is a violation of the Code to refuse to hire someone on the basis of these characteristics, regardless of their apparent relationship to absenteeism or labour turnover. Second, the only people available for employment in many firms outside the major metropolitan areas are those who are in absence or turnover prone groups; the failure to hire such employees would not only create an «artificial» shortage of labour, but would also contribute to the creation of a segmented labour market that might cause more serious problems in the future.

ment and employee training and development were the most common methods of dealing with labour turnover (see Table 12).

Unfortunately the lack of responses prevents us from publishing data on the actual costs of either absenteeism or labour turnover in Ontario. However, interviews with senior management in a cross section of companies indicate that the cost of absenteeism ranges from one to three times the hourly rate of the absent worker depending on whether employees are paid for days absent, whether absent employees are replaced, and who replaces them. It was also revealed that it is not uncommon for companies to over-staff by as much as 10 per cent, particularly in production areas, in order to avoid the disruptive effects of absenteeism.

The interviews also revealed that replacement costs range from $3,000 to $7,000 for an average employee depending on the method

TABLE 11

Percentages of Total Respondents That Identified Various Causes of Absenteeism and Labour Turnover Ontario December 1976

	Percentages of Total Respondents*	
Cause	*Absenteeism*	*Labour Turnover*
Security Associated With Good Wages/Welfare, U.I.C.	14	13
Poor Work Ethic	25	22
Pregnancy	**	4
Company Location	4	7
Characteristics of Company or Industry	3	15
Personal Problems	56	9
Poor Hiring and Selection	1	5
Dissatisfaction with Working Conditions	16	39
The Work Itself	5	13
Other***	2	18
Total number of responses	419	467

* The percentages given in this Table are based only on the number of establishments that attempted to give reasons for absenteeism or labour turnover. The percentages will not add to 100 because several establishments identified more than one cause.

** « – » indicates fewer than 1.0 per cent of establishments.

*** «Other» includes such things as: family responsibilites, returned to school, found a better job, and spouse transferred.

TABLE 12

Percentage of Total Respondents That Reported Trying Various Methods to Control Absenteeism and Labour Turnover

Ontario December 1976

Methods of Control	*Percentages* of Total Respondents*	
	absenteeism	*Labour Turnover*
Selective Recruiting	12	13
Discipline	10	**
Improving Wages/ Compensation	1	4
Incentives/Awards	2	2
Counselling	10	2
Exit Interviews	—	5
Employee Training and Development	2	7
Improving Terms and Conditions of Work	2	3
Other***	7	8
Number of Responses	743	733

* The percentages given in this Table are based only on the number of establishments that attempted to give reasons for absenteeism or labour turnover. The percentages will not add to 100 because several establishments identified more than one cause.

** «-» indicates fewer than 1.0 per cent of establishments.

*** «Other» includes such things as: better human relations, new employee orientation, greater employee involvement in decisions concerning his/her job, increasing opportunities for advancement and improving the work itself.

of hiring. These figures include both direct and indirect costs such as: advertising the position, holding interviews, training, new employee orientation, lower productivity due to inexperience and lost productivity resulting from the vacancy.

CONCLUSIONS

On the basis of the data presented, a number of general observations can be made. First, given their sheer magnitude and management's perception of their seriousness, it is evident that absenteeism and labour turnover represent serious and largely uncontrolled problems for a significant proportion of the respondents.

Second, while these problems are experienced by establishments in all regions and industries, the nature of the problems would appear

to be quite different, particularly for different industry groups. For example, much of the activity in resource-based industries is carried out in insolated areas and is subject to considerable seasonal and cyclical fluctuations. In comparison, most manufacturing and service-related activities are carried out in urban areas and are subject to a much lesser extent to seasonal or cyclical changes.

Finally, while there is evidence that these problems tend to be more serious in certain parts of the province and in certain industries, the very large disparity in absence and turnover rates among establishments within individual region and industry groups would indicate that a significant part of the problem rests with the individual establishment.

The finding is of particular concern when contrasted with Management's perceptions of the underlying causes of and solutions to absenteeism and labour turnover. While a number of establishments do perceive that their own terms and conditions of employment, wage rates, management styles, etc., do contribute to their absenteeism and turnover, most firms perceive these problems to be a consequence of factors beyond their control, including a poor work ethic or the personal problems of their employees. This attitude is reflected in the lack of positive action being taken to control or solve them.

While it is beyond the scope of the current study to identify the extent to which various human resource problems are within management's control, the reduced rates of absenteeism and turnover experienced by those firms that have taken steps to improve the working environment and conditions they offer would suggest that a good deal more could be accomplished if more attention were paid to the management of human resources.

Absentéisme et roulement de la main-d'œuvre dans certaines industries ontariennes

Les employeurs considèrent l'absentéisme et le roulement de la main-d'œuvre comme un des plus sérieux problèmes des relations du travail qui puissent affecter les entreprises en Ontario. C'est ce qu'indique une enquête récente du ministère du travail de cette province.

Bien qu'elles soient conscientes du caractère grave de ces problèmes, bien peu d'entreprises compilent actuellement des statistiques sur l'absentéisme et le roulement de la main-d'œuvre. Moins de vingt-cinq pour cent d'entre elles

ont cherché à en découvrir les causes profondes et moins de dix pour cent ont pris des mesures pour les circonscrire.

Le premier objectif de cette enquête était d'accumuler des données sur l'ampleur de l'absentéisme et du roulement de la main-d' œuvre grâce auxquelles les entreprises pouvaient individuellement échanger leur expérience sur ces deux problèmes importants. L'étude fournit aussi des renseignements sur l'étendue, la nature et l'impact relatifs de ces « problèmes humains » dans l'industrie.

Se fondant sur les données recueillies, il est possible de dégager un certain nombre d'observations générales. En premier lieu, étant donné leur seule ampleur et la perception que les employeurs ont de leur gravité, il est évident que l'absentéisme et le roulement de la main-d'œuvre sont des problèmes sérieux et passablement hors de contrôle pour une proportion significative des répondants.

En second lieu, parce que cette situation est courante dans toutes les régions et toutes les industries, la nature des problèmes diffère considérablement, en particulier d'une industrie à l'autre. Par exemple, une bonne part de l'activité économique reposant sur les industries primaires s'effectue dans des régions isolées et est sujette à des fluctuations saisonnières et cycliques considérables. Par contre, la plupart des industries de transformation et les services se trouvent dans les districts urbains et ils sont moins touchés par ces deux facteurs.

Finalement, tandis qu'il est évident que ces problèmes tendent à devenir de plus en plus marqués dans certaines régions de la province et dans certaines industries, le grand écart des taux d'absentéisme et de virement de la main-d'œuvre parmi les établissements d'une région donnée ou d'un groupe d'industries semble indiquer qu'une bonne part des difficultés se posent aux établissements considérés individuellement.

Cette constatation présente un état d'inquiétude particulier lorsqu'on l'oppose à la perception qu'ont les employeurs des causes profondes et des solutions qu'ils proposent à l'absentéisme et au roulement de la main-d' œuvre. Alors qu'un certain nombre d'entreprises se rendent compte que les conditions d'emploi, les taux de salaires, les types de direction etc. favorisent l'absentéisme et le roulement de la main-d'œuvre, beaucoup d'autres considèrent qu'ils sont la résultante de facteurs qui leur échappent, y inclus un manque d'éthique professionnelle et les problèmes personnels de leurs employés. Cette attitude se traduit par le manque d'action concrète pour les circonscrire et les résoudre.

Même si les cadres de cette enquête ne vont pas jusqu'à démontrer jusqu'à quel point ce problème relatif aux ressources humaines peut être corrigé par les employeurs, la diminution des taux d'absentéisme et de roulement de la main-d'œuvre obtenue par les entreprises qui ont pris des mesures pour améliorer les conditions de travail et le climat de l'établissement indiquent que beaucoup de progrès pourrait s'accomplir si les employeurs apportaient plus d'attention et plus de soin à l'administration des ressources humaines.